

SUBJECT: Village fire and police departments in Texas Municipal Retirement System

COMMITTEE: Pensions and Investments — committee substitute recommended

VOTE: 7 ayes — Telford, Johnson, Averitt, Berlanga, Haggerty, McCall, Rangel
0 nays
2 absent — Willis, Wilson

SENATE VOTE: On final passage — April 12 — 31-0

WITNESSES: For — George Stubblefield, Village Fire Department and Village Police Department; Terrence Kendall, Texas Municipal Retirement System; Jim Lyde, Texas Municipal Police Association.
Against — None

DIGEST: CSSB 904 would permit a fire or police department to be considered a city for purposes of joining the Texas Municipal Retirement System. The department would have to have been created and operated under an interlocal cooperation agreement that had existed at least 15 years and was executed by two or more cities located in Harris County and be supervised by an administrative agency appointed by the contracting cities. In addition, the governing body of the participating cities would have had to agree by ordinance or resolution to accept responsibility for all payments required of and obligations incurred by the department participating in the Texas Municipal Retirement System in case the interlocal cooperation agreement is dissolved or expires. The board of trustees of the retirement system would have to approve all ordinances adopted by participating cities.

The governing board of the supervising administrative agency would be allowed to take any action for the police or fire department that is required or authorized by this law to be made by a municipal ordinance.

The bill would take effect immediately if approved by a two-thirds vote of the membership of each house.

**SUPPORTERS
SAY:**

This bill would allow the 80 employees of the Village Fire Department and the Village Police Department to join the Texas Municipal Retirement System (TMRS) and receive pension benefits commensurate with their line of work. The police officers and firefighters participate in a privately invested pension fund, but it does not come close to the funding level provided by TMRS. The employees would merge the \$3 million in pension assets into the TMRS.

The provisions of the bill would assure that the employees and the pension system would be protected even if the interlocal agreement under which the Village Fire Department and Village Police Department operate should no longer exist in its current state. Both departments have been around for 40 years, but changes could occur. The four villages that employ the fire and police departments — Bunker Hill, Hunters Creek, Piney Point and Hedwig, all located in Harris County but outside Houston city limits — should be made responsible in case the interlocal agreement dissolved. This continued responsibility would assure continued funding of the actuarial liability over the 25-year amortization period.

**OPPONENTS
SAY:**

No apparent opposition

NOTES:

The committee substitute added the budget conditions necessary for joining TMRS and authorized the TMRS board of trustees to approve participation in the retirement system.